INFORMATIONAL HEARING AND SITE VISIT

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

In the Matter of:	)	
	)	
Application for	)	
Certification of the	)	Docket No. 99-AFC-2
THREE MOUNTAIN POWER PROJECT	)	
(OGDEN ENERGY, INC.)	)	
_____	)	

LIONS HALL

37006 MAIN STREET

BURNEY, CALIFORNIA

MONDAY, AUGUST 16, 1999

5:00 P.M.

Reported by:
Debi Baker
Contract No. 170-99-001

COMMITTEE MEMBER PRESENT

William J. Keese, Chairman
Presiding Member

STAFF PRESENT

Susan Gefter, Hearing Officer

Jennifer Tachera, Staff Counsel

Richard Buell, Project Manager

Sandy Harris, Committee Secretary

Lance Shaw

PUBLIC ADVISER

Roberta Mendonca

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INTERVENORS/PROPOSED INTERVENORS PRESENT

California Unions for Reliable Energy (CURE)
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Adams Broadwell Joseph & Cardozo
651 Gateway Boulevard, Suite 900
South San Francisco, California 94080

Marcella Crockett
Burney Resource Group

Jerry Hathaway, General Partner
Hathaway Burney Ranch FLP

INTERVENORS/PROPOSED INTERVENORS PRESENT

William Cummings, President, Board of Directors
McArthur/Burney Falls Interpretive Association

Fred Carroll
Black Ranch

ALSO PRESENT

Russ Mull, R.E.H.S.
County of Shasta Air Quality Management District,
and Department of Resource Management
Planning, Building, Environmental Health
Departments
1855 Placer Street, Suite 200
Redding, California 96001-1759

Earnie Graham, Burney Chamber of Commerce, and
District Superintendent,
Fall River Joint Unified School District
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Burney, California 96013

Burney Basin Mosquito Abatement District
P.O. Box 1049
Burney, California 96013

Larry Sullivan, Chief
Burney Fire Protection District
Burney, California 96013

Bill Supa, General Manager
Burney Water District
Burney, California 96013

Rita Cirulis, Senior Inspector
Shasta County Air Pollution Control District

Glenn Hawes, Supervisor
Shasta County Board of Supervisors, District 3

Don Wolven
Transmission Agency of Northern California (TANC)

William Weeks, Telecommunications Technician
Pacific Gas and Electric Company
Northern Area Hydro
20818 Black Ranch Road
Burney, California 96013

ALSO PRESENT

Robert Murray, Resident/Property Owner
Burney, California

Rick Schultz, Businessman/Property Owner
Burney, California

Don Maynard
Burney Forest Products Power Plant

P R O C E E D I N G S

5:00 p.m.

PRESIDING MEMBER KEESE: Good evening. As you are probably aware this is an informational hearing being conducted by a Committee of the California Energy Commission on the proposed Three Mountain Power Project.

The Energy Commission has assigned a Committee to conduct these proceedings, and before we begin I will introduce the Committee's members to you, which is a rather simple task.

I'm Bill Keese, Chairman of the Energy Commission, and I will be the Presiding Member over this siting case. Bob Laurie is the Second Member on this case. He is not here today. You will see Commissioner Laurie participating in future meetings of this Committee.

We generally also get staff work from our Advisers. Ken Wilcox and Cynthia Praul are my Advisers, and Scott Tomashefsky is Adviser to Commissioner Laurie. They are not joining us tonight.

On my left is our Hearing Officer Susan Gefter, who will conduct quite a bit of the hearing. Sandy Harris is our Committee Secretary,

on her left.

Three Mountain Power filed an application with the Energy Commission to obtain a license to build and operate the Three Mountain Power Project, a proposed power plant facility near the Town of Burney.

The purpose of today's hearing is to provide information about the proposed power plant, and to describe the Commission's licensing process and reviewing the application.

At this time I'm going to ask the parties to introduce their representatives to you. So I will ask the Applicant to lead off.

MR. McFADDEN: Good evening, my name is Marty McFadden. I'm the Vice President of Three Mountain Power. I want to thank you all for coming. A lot of work has gone into preparing for this hearing and at this time I'd like to thank the Lions Club for allowing the use of their hall. And I'd also like to thank -- oh, I'm sorry, I guess I have to sit down so that I can also talk into the recording microphone, I'm sorry, I forgot.

(Off-the-record discussion.)

MR. McFADDEN: Okay, I'll hide behind

the microphones and start over. I apologize.

My name is Marty McFadden. I'm the Vice President of Three Mountain Power, the Applicant proposing to build the power plant at the Burney site.

And at the start I would like to thank the many people that have put out extra effort to make the hearing possible. A lot of people have traveled a long way in order to have the initial hearing in the community. I would like to thank the Lions Club, especially, for allowing the use of their hall. I'd like to thank a lot of the local, the young men that set the -- I'm getting a signal from the back -- talk louder? Like this? I'm sorry, again -- thank the young men that set the hall up.

And with that, since I'm not doing a very good job at this microphone, I would like to introduce the people at the table, but I will do it by passing the microphone to them, and let them introduce themselves. And then when we're done with that, I'd like to introduce some other members of the Applicant that are also here, whom you'll have the opportunity to talk with when we're on breaks and after the meeting.

DR. THOMPSON: My name is Valorie Thompson, and I'm the Environmental Project Manager for the Three Mountain Power Project.

MS. HATTAR: Good evening, I'm Mai Hattar; I'm with Bibb and Associates, and we're the engineer for the project.

MS. COTTLE: Hi, my name is Lisa Cottle; I'm with White & Case. And we're the attorneys for the project.

MR. TAYLOR: Hi, I'm Bob Taylor with Kiewit Industrial. We'll be the general contractor for the project.

MR. McFADDEN: I would also like to introduce Les Toth, who is the Project Manager for the project. Danielle Tinman, who is our Policy and Communications Manager, whom many of you have met.

I'm looking for him, is Charlie Knight here? He's the Plant Manager for Burney Mountain Power.

And Adelle Hall, our Office Manager from the Redding Office in Redding. And Kelly lachenmyer, say hi, Kelly. Okay, who actually is one person I forgot to thank. She's also in a major way responsible for the set-up. Thank you

very much.

PRESIDING MEMBER KEESE: We'll next hear the introductions of our Staff.

MR. BUELL: Hi, my name is Rick Buell. I'm with the California Energy Commission. I'm the Project Manager for Staff. You will probably see a lot of me at various workshops that staff will be conducting up in the project area, so I look forward to seeing you all again.

To my left is Jennifer Tachera. She is legal counsel for the Energy Commission. She's standing in for Karen Hough who is assigned to this case, and will probably be showing up at more of the workshops in the future.

The other member of staff that I'd like to introduce is Lance Shaw, he's sitting in the audience. And he may be assisting on various workshops and meetings that we have up here in the project area.

That is all the staff here today.

PRESIDING MEMBER KEESE: And now we'll here from the Intervenors. CURE.

MS. REYNOLDS: Lizanne Reynolds from CURE, the California Unions for Reliable Energy. CURE is a consortium of unions who build and

construct and operate power plants and a variety of other industrial facilities.

(Off-the-record discussion)

MS. REYNOLDS: Lizanne Reynolds, attorney with Adams Broadwel Joseph & Cardozo. We represent CURE, the California Unions for Reliable Energy, an Intervenor in this project.

HEARING OFFICER GEFTER: Did you want to say who CURE is? Did you want to describe who CURE is?

MS. REYNOLDS: CURE is a consortium of labor unions who build, construct and operate a variety of projects, including power plants.

HEARING OFFICER GEFTER: Thank you.

PRESIDING MEMBER KEESE: We also have with us today a number of agencies who are going to be directly involved in the licensing activities.

First, I would call on the Town of Burney. Do we have anybody officially representing Burney?

All right, Shasta County.

MR MULL: I'm Russ Mull, Director of Resource Management for Shasta County, representing air quality management district, land

use planning, environmental health and the building department for Shasta County.

HEARING OFFICER GEFTER: Thank you. Do you have a business card? Okay.

PRESIDING MEMBER KEESE: Do we have a representative from the California Department of Fish and Game? The Burney Fire Protection District? California Department of Forestry? California ISO? The ISO is the Independent System Operator that now operates our transmission grid.

TANC? Would you also give a brief explanation of TANC? Brief?

MR. WOLVEN: Yes.

PRESIDING MEMBER KEESE: Thank you.

MR. WOLVEN: My name is Don Wolven; I represent the Transmission Agency of Northern California. It is a Joint Powers Agency. It owns 79 percent of the California/Oregon Transmission Intertie. It's a 500kV 1600 megawatt transmission line connecting to northwest power sources and coming into California, running down to the middle of California, around the Tracy area.

And we are interested in following this project and see if there's any transmission impacts on TANC.

PRESIDING MEMBER KEESE: Thank you. At this time do we have any other representatives of governmental agencies who would care to identify themselves? Come forward, please.

MR. CHURNEY: My name is Mike Churney; I'm the Manager of the Burney Basin Mosquito Abatement District. I didn't know I was going to be on the agenda, but I -- do you want me to start over? Mike Churney, Manager of the Burney Basin Mosquito Abatement District.

HEARING OFFICER GEFTER: Thank you.

PRESIDING MEMBER KEESE: Finally, I'd ask if there are any members of the public who are planning to address us in any formal sense later. You will be allowed to speak whether you sign up now or not. But if there is anybody who plans to make a formal presentation, we'd just as soon you identify yourself at this time.

Seeing none, Public Adviser Roberta Mendonca.

HEARING OFFICER GEFTER: Just identify yourself and tell them they can talk to you.

MS. MENDONCA: My name is Roberta Mendonca. I'm the Public Adviser at the California Energy Commission. The last name is

very hard to pronounce, Roberta is just fine. And I'm looking forward to working with you and answering your questions.

PRESIDING MEMBER KEESE: The Public Adviser is a reasonably independent position that assists the public in participating in our events. And for anybody who chooses to participate in a formal or informal way, Roberta is an asset.

Later in the hearing the Public Adviser will explain how the public can obtain information about the project and how to participate and offer comments during this review process. The Public Adviser will also tell you how to intervene as a formal party to present evidence and cross-examine witnesses.

Now, however, we have scheduled a site visit to observe the location where the project will be built. In order to view the site during daylight hours we will adjourn the hearing and meeting outside to join the Applicant on a tour of the site. Transportation will be provided for all those interested in viewing the site.

We will return to this venue and reconvene the hearing at approximately 7:00 p.m. Do we have any questions?

The hearing is now adjourned until 6:30 p.m. -- 7:00 p.m.

(Whereupon, at 5:45 p.m. the hearing was adjourned to reconvene at 7:00 p.m., this same evening.)

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EVENING SESSION

7:05 p.m.

PRESIDING MEMBER KEESE: As we reconvene this meeting, we are now back on the record, for those members of the public who were not here earlier, we're going to do a re-introduction from those of us who were here, and need to be told twice who people are, we'll go through it all again.

I'm Bill Keese. I am the Presiding Committee Member for this hearing. And I have with me today Susan Gefter, who is our Hearing Officer on my left, and Sandy Harris, who is our Committee Secretary.

Also serving on the Committee is Bob Laurie, another Commissioner, who is not in attendance. And we have Advisers who will occasionally sit here with us, as we have these different hearings.

I'd like, at this time, to have Marty McFadden introduce these Staff of the Applicant.

MR. McFADDEN: My name is Marty McFadden. I'm the Vice President of Three Mountain Power, and I'm in charge of the development.

DR. THOMPSON: I'm Valorie Thompson; I'm the Environmental Project Manager for the project.

MS. HATTAR: I'm Mai Hattar. I'm with Bibb and Associates, and we're the engineer for the project.

MR. TAYLOR: I'm Bob Taylor with Kiewit Industrial. And we're in line to be the general contractor for the project, assuming it goes ahead.

MR. McFADDEN: We have some other members of the staff in the audience. I will introduce them. Les Toth is the Project Manager.

MR. TOTH: I'm behind you, Marty.

MR. McFADDEN: Oh, hi, Les. I was looking all over; afraid you left.

Lisa Cottle from White & Case is our attorney, representing us tonight.

Charlie Knight, Plant Manager from Burney Mountain Power, is in the back of the room, as are several other members of the plant staff.

Danielle Tinman, our Communications and Policy Manager is here tonight. Adelle Hall from our Redding office, our Administrative Assistant.

And Kelly, we want to thank Kelly again for the -- what looked like really good snacks.

And Kelly Lachenmyer from the plant is here.

MR. BUELL: Good evening, my name is Richard Buell. I'm with the California Energy Commission Staff. I'm the Project Manager for the Three Mountain Power Project.

To my left is our sit-in legal counsel, Jennifer Tachera. Karen Hough will be our normal attorney who will show up at most of the workshops and hearings that we'll have later this year and next year.

Also in the audience we have a member, Mr. Lance Shaw, who's our newest Project Manager, who's here to learn how the process works. And he'll be probably assisting off and on on this project as one of the project management staff.

We also have a number of staff that do various disciplines such as biological resources, air quality, cultural resources, and deal with all those environmental type issues that will be showing up at various workshops and hearings as necessary.

PRESIDING MEMBER KEESE: Thank you. At this time I'd like to introduce an Intervenor, Lizanne Reynolds from CURE. We, also in a few moments, will be introducing some other potential

intervenors.

On the agencies, I'll go through the list again. Do we have anybody representing the Town of Burney? Thank you.

I'll mention for everybody who's coming up, we need both microphones. So if you would take the one microphone and speak near the other one we're in good shape. Thank you.

MR. GRAHAM: My name is Earnie Graham. I represent the Burney Chamber of Commerce, and also I'm the School District Superintendent. Both groups are very interested in the process.

PRESIDING MEMBER KEESE: Thank you. The Shasta County AQMD. California Department of Fish and Game.

MR. MULL: Russ Mull, Director of Resource Management, representing Shasta County AQMD, Planning, Building and Environmental Health.

PRESIDING MEMBER KEESE: Thank you. Mr. Larry Sullivan of the Burney Fire Protection District. We'd like to get you on the record, if we could, Mr. Sullivan.

MR. SULLIVAN: My name is Larry Sullivan, Fire Chief for the Fire Department.

PRESIDING MEMBER KEESE: Thank you. Do

we have a representative of the California Department of Forestry? The ISO?

Don Wolven of TANC. And I think again it would be helpful if you could --

MR. WOLVEN: My name is Don Wolven. I represent the Transmission Agency of Northern California, TANC. TANC is 79 percent owner in a 500 kV 1600 megawatt transmission project that could be impacted by this project.

PRESIDING MEMBER KEESE: Thank you. And we also had present earlier Mike Churney with the Burney Mosquito Abatement District. Thank you, you're on the record.

MR. CHURNEY: Let's see if I can get it right this time. Mike Churney, I'm Manager of the Burney Basin Mosquito Abatement District.

PRESIDING MEMBER KEESE: Thank you. And Mr. Bill Supa, Water.

MR. SUPA: I'm Bill Supa, General Manager of the Burney Water District.

PRESIDING MEMBER KEESE: Thank you, Mr. Supa.

Do we have any other representatives of agencies who care to be identified?

MR. HAWES: I'm Glenn Hawes, Shasta

County Board of Supervisors. And this is -- is it on? There, it is now. Shasta County Board of Supervisors, District 3, and this area is my District. Thank you for having us up here.

PRESIDING MEMBER KEESE: Welcome.

MR. HAWES: And I appreciate the great turnout here tonight.

PRESIDING MEMBER KEESE: Thank you. I will mention at this time that we have received applications for intervenor status from the Burney Resource Group. And, if Marcella Crockett -- were you ready -- would you like to just introduce yourself and you may say whatever you'd like to say.

MS. CROCKETT: Our group, the Burney Resource Group, has submitted an application for intervention. We would like to take part in the siting process, and we are here tonight to observe the proceedings.

PRESIDING MEMBER KEESE: Thank you. We have received that and you will be --

HEARING OFFICER GEFTER: Excuse me, would you say your name on the record for the reporter, please.

MS. CROCKETT: For the record, Marcella

Crockett.

HEARING OFFICER GEFTER: Thank you.

PRESIDING MEMBER KEESE: We will be responding before the month is over.

We have also received a petition for intervenor status from Hathaway Burney Ranch.

MR. HATHAWAY: My name's Jerry Hathaway. I'm a General Partner of Hathaway Burney Ranch at FLP. We're adjacent property owners and are concerned and would like to be an active party in the siting process of this plant.

PRESIDING MEMBER KEESE: Thank you, we are going to proceed with your application -- your petition. And we will also be ruling on that by the end of the month.

I have cards from two other individuals who I would like to come forward at this time. William Cummings, the McArthur/Burney Falls Interpretative Association.

MR. CUMMINGS: My name is William Cummings. I'm President of the Board of Directors of the McArthur/Burney Falls Interpretive Association. We are very interested, particularly in the aspect of water usage.

PRESIDING MEMBER KEESE: Could you tell

us what your group is -- what the principal activity of your group is?

MR. CUMMINGS: We are a nonprofit group that supports the state park through providing funds to help the state park, the McArthur/Burney Falls State Park. In fact, much of the funds that we provide for them used to be provided by the state, but no longer. So, that's what our major function is.

PRESIDING MEMBER KEESE: Thank you very much. And Mr. Fred Carroll of the Black Ranch.

MR. CARROLL: My name is Fred Carroll, local property owner.

PRESIDING MEMBER KEESE: Thank you. Is there anybody else from the public who would like to identify themselves for the record at this time. As I mentioned earlier, as we go through this proceeding you will be able to comment later, whether you're identified or not.

MR. WEEKS: I'd like to identify myself as William Weeks, a resident of Burney, and interested in the proposals here.

PRESIDING MEMBER KEESE: Thank you. One more.

MR. MURRAY: Might as well get in here.

I'm Bob Murray, resident and Burney property owner. I'm concerned about noise pollution, along with water concerns.

PRESIDING MEMBER KEESE: Thank you. I'm pleased to see the turnout here. And feel free to ask questions as we did have questions over on our site visit. We want to get the questions out early in this process.

The Energy Commission, as I probably will say formally in awhile is charged with handling this in a 12-month period. When we start we have 12 months, under the law, to complete this process. If we get the questions out at the front end, we can get the issues on the table and resolve them.

Three Mountain Power filed its application for certification -- we'll refer to it as AFC -- for the Three Mountain Power Project in June of '99. The project is a 500 megawatt facility that will be built on the existing site owned and used by Burney Mountain Power to operate a 10 megawatt biomass powered power plant about one mile northeast of the Town of Burney.

The purpose of today's hearing is to provide information about the proposed power plant

and to describe the Commission's licensing process in reviewing the application.

Notice of this hearing was mailed on July 9, 1999, to all parties, adjoining landowners, interested governmental agencies, and other individuals. In addition, notice of the hearing was published several times in the local newspapers.

Today's hearing is the first in a series of formal Committee events that will extend over the next year. The Commissioners conducting this proceeding will eventually issue a proposed decision containing recommendations on the proposed project. It is important to emphasize that the Committee's proposed decision must, by law, be based solely on the evidence contained in the public record.

To insure that this happens, and to preserve the integrity of the Commission's licensing process, the Commission's regulations and the California Administrative Procedure Act expressly prohibit contacts between the parties and the Committee Members. This prohibition against off-the-record communications between the parties and the Committee is known as the ex parte

rule. This means that all contacts between the parties and the Committee regarding a substantive matter must occur in the context of a public discussion such as today's event, or in the form of a written communication that is distributed to all the parties.

The purpose of the ex parte rule is to provide full disclosure to all participants of any information that may be used as a basis for the future decision on this project.

Additional opportunities for the parties and governmental agencies to discuss substantive issues with the public will occur in public workshops to be held by the Commission Staff at locations here in Burney. Information regarding other communications between the parties and governmental agencies is contained in written reports or letters that summarize such communications. These written reports and letters are distributed to the parties and are made available to the public. Information regarding hearing dates and other events in this proceeding will be available on the Commission's website.

The Public Adviser's report. The application for certification or AFC process is a

public proceeding in which members of the public and interested organizations are encouraged to actively participate and express their views on matters relevant to the proposed project.

The Committee is interested in hearing from the community on any aspect of this project. Members of the public are also eligible to intervene in the proceeding, and if there are potential intervenors we encourage you to file petitions to intervene soon to allow for full participation.

At this time we'll ask the Public Adviser to explain the intervention process, and to also provide an update on her efforts to contact local residents and other interested groups and organizations regarding this proceeding. Roberta.

MS. MENDONCA: Hi, I'm Roberta Mendonca. I'm the Energy Commission's Public Adviser. I see familiar faces because I've been to Burney about four times over the last month and a half and had lunch or dinner or a lion of a meal with some of you, and I've really enjoyed getting to know the community.

As Chairman Keese has mentioned, public

participation is kind of the cornerstone in the hallmark of the Energy Commission process. And really, for the first time, it's true, somebody from government is here to help you, and I am that person.

The Energy Commission process will take about a year and there will be numerous meetings. The Public Adviser's role, I am not a decisionmaker. I don't have anything to do with the analysis or the technical parts to the program. My job, my role is to allow you to ask your questions, to participate at whatever level you would like to participate, and to be there so that your message, whatever your message may be, gets delivered to the decisionmakers.

And speaking about participation, there are really several ways to participate. Obviously showing up at a public meeting is one way to participate. But if you go home and you think about it and you've decided you'd like to do something more concrete than that, there is a process at the Energy Commission. You've heard the name mentioned, it's called intervening. And when one person or a group of people decide to intervene, they ask or in another way, petition,

the Energy Commission for that status.

And the main difference between being a member of the community and coming forward and making a comment is that the intervenors do come to the table as a full party.

And so when the decision -- the process of making a decision, the community can still comment and offer their opinions, but the intervenors have an opportunity to offer testimony, to cross-examine witnesses and to enter evidence on their own.

So, there are deadlines, there are responsibilities, but the Public Adviser is certainly there to help you through that process.

Let me give you my 800 number and I'm sorry, I've been here passing out cards like crazy. I ran out of cards. But on either the yellow sheet or the blue sheet that was located on this table, in the small print are all of my phone numbers. My 800 number is 1-800-822-6228, and I'm reachable by email at pao, which stands for Public Adviser's Office, and then at the Energy Commission address, @energy.state.ca.us.

And I just call your attention to the table over here. Some of you might want to wander

by when we're done, because you're going to hear a lot of names. AFC is an application for certification. I've brought, if you want to look at it, the Three Mountain Power Project application for certification. It's a very large document. It's in two very large binders. And that's the nuts-and-bolts of what the year process will be analyzing.

The next step in the written form after the workshops, which will be described, is the preliminary staff analysis. I brought you a sample if you want to look at that. Obviously it can't be for Three Mountain, they're not there yet, but I brought it from the Sutter case.

The next step is a written formal testimony. And then we move into the decision phase, and there are two examples of the Presiding Members' proposed decision and the Presiding Members' final decision.

So I'm hanging around afterwards. If you have questions, come over to my table and take a look.

PRESIDING MEMBER KEESE: Thank you, Roberta. Now we will have the presentation for this hearing. And this process is the process we

will follow in all our other hearings.

First, we will have Three Mountain describe the proposed project and explain its plans for developing the project site.

Next, Commission Staff will provide an overview of the Commission's licensing process and its role in reviewing the proposed Three Mountain Power Project.

Then we will hear comments from the Intervenors.

And upon the conclusion of these presentations interested agencies and members of the public may offer comments and ask questions.

Following the public comment we will discuss scheduling and other matters addressed in staff's issue identification report.

This will be a rather informal process. We will provide time at the end of each presentation for the parties or members of the public to ask questions. Before we begin I'd like to ask if there is anybody who has a question about the agenda.

Seeing none, we will ask the Applicant to begin their presentation. And since I have neither eyes in the back of my head nor a mirror,

I'm going to come out there.

MR. McFADDEN: Thank you. I want to be sure that I can be heard. Is the microphone on and working? Closer? Thank you, Charlie.

Last January, and I think it was January 26th, we had a townhall meeting. And in the townhall meeting we presented our plan of development for Three Mountain Power. Very little of it has actually changed in the time since then.

We filed our application with the Commission on a preliminary basis on March 3rd. The staff reviewed it, made comments, asked for additional information. And on June 23rd we were deemed data adequate. And deeming data adequate means that the one-year process of siting, the public process that we're in now has started.

One of the things that we hope to do tonight is to do a repetition of the townhall meeting that we had in January, on January 26th, but not to focus so much on repetition, but also to try to answer some of the questions that were raised at that time for which we did not have answers at that time. Now we believe we can answer most of those questions.

And, as the agenda shows, later on we'll

be discussing the issues that the staff has raised. And in some cases, we will discuss what our plans might be for addressing those. But we only have them under evaluation.

At this time I'd like to ask Mai Hattar from Bibb and Associates, our engineer, to come and give a presentation on the technical aspects of the plant.

MS. HATTAR: Thank you, Marty. Good evening. I'm Mai Hattar and I'm with Bibb and Associates. We're the engineer for this project.

Today I'm going to talk a little bit about the plant design. As a matter of fact, they told me to keep it under five minutes, and I thought that would be a challenge. But after going out to the site and having Marty and Les and Charlie talk there and answer some of your questions, I think this might go a little bit quicker.

So, the first slide that I'm going to show is a schematic of the process, and in this slide I'll be able to explain what the major equipment does and how it functions to generate electricity.

The first thing in the heart of the

power plant is the combustion turbine. You can see the combustion turbine there in red. The combustion turbine has three main parts, a compressor, a combustor and a turbine.

In the compressor draws into the compressor, compresses it up to the temperature, ignition temperature. In the combustor, burns natural gas, clean burning natural gas will be the only fuel used on this project. We will also use special combustors on this project called dry low NOx burners. And those burn gas very cleanly and efficiently.

Then the hot gas spins in the turbine to generate power. Now, there are a lot of power plants called simple cycle power plants, and that's all they have is a combustion turbine, and they generate all their power that way.

But what we have in this project is an HRSG, a heat recovery steam generator. And you can see that in orange right there. And basically what that is is a boiler. And it takes the hot exhaust gas, the discharge from the combustion turbine and uses that heat to boil water and generate steam that goes into the steam turbine.

The steam turbine you can see up there

in yellow. That generates more power. The steam exhausting from the steam turbine is condensed in the condenser using cooling water. And you can see the cooling tower in green. The heat is rejected from the cooling tower.

In our power plant is what's called a two-on-one power plant, so there will be two combustion turbines, two HRSGs and one steam turbine.

Each of the combustion turbines and the steam turbine will each generate about a third of the total power for this plant, which is 500 megawatts.

On the next slide, which is the plot plan, you basically can see the same thing that we saw out there at the site. This drawing, once we get it up there, shows how those major pieces of equipment will be arranged on the site. And you can see coming in where we drove in on the bus there on Energy Drive coming off 299 and straight up is the existing power plant. And you can see in brown there is where the woodpile would be.

There will be a wall between the existing plant and the new facility and you can see that over on the left.

So, as we see on the plot plan there are two combustion turbines there in red. The two HRSGs in yellow or orange. And that will be the stacks coming up from the HRSGs. There is the steam turbine just over there on that side. You can see in green over there is the cooling tower. And the green round thing is the water tank.

Okay, I think those are all the important things on that Vugraph. We go to the next one, and this is a schematic of what the power plant would look like basically from the spot we were standing at when we were out there, just a little bit further north. If you were looking from the existing facility out towards the edge of the facility, this is what you would see.

And if you notice, most of the plant, the combustion turbines and the steam turbines are inside the building. So in this view you wouldn't see them. And Ogden has chosen to put those inside of a building due to the winters that you have here, for ease of operation. And noise, and visual impacts. So, in general, it's a good thing to have a building there.

So basically what you can see is the building, the HRSG, which is over on this side of

the building, and the cooling tower.

And as you can see in this picture, we don't have things in the bright yellow, orange and red that you saw on the plat plan. That was just to make it easier to point out.

And there's a couple other things I meant to mention when I was talking about the plot plan. As part of the HRSG has what's called an SCR, selective catalytic reduction, which further reduces the emissions, the NOx emissions from the power plant. He's pointing right to where that would go.

So, I'm very excited about this project. It will be a very efficient power plant, and one of the cleanest ones ever built. I think the cleanest power plant ever built.

DR. THOMPSON: I'm Valorie Thompson, I'm the Environmental Project Manager. Can everybody hear me? Okay. I'm Valorie Thompson, I'm the Environmental Project Manager for the project.

And we've talked a lot about the AFC, the application for certification. In preparing that document we were required to look at 18 different resource areas. So we were required to look at the proposed project's impacts to

everything from biology to transmission line safety and nuisance to water quality. I'm going to talk about some of those issues here tonight, and also try to answer some of the questions that were raised during the townhall meeting last January.

My first slide talks about the alternatives. Some of you asked what did you look at when you were looking at siting the power plant. Well, we looked at two different other locations besides the location that we're proposing. One of the key issues with that location is that we do have site control. So, Three Mountain Power's parent company has a long-term lease on that site.

Also, when we looked at the impacts associated with that site, it has the shortest tie-in to both the natural gas line and the electric transmission line. So therefore it has the least environmental impacts of all the sites that we considered.

Next slide. Okay, in looking at socioeconomic impacts, there's going to be a 22-month construction schedule, and a peak workforce of approximately 400 workers. And, Bob from

Kiewit will be talking a little bit more about the workforce.

Basically we're looking at, for operating the plant, 20 to 25 new permanent jobs here in Burney. The tax base for the facility, property tax will be $2.875 million a year. So that's quite a bit of tax that will be paid out by the Applicant. Finally, you know, the local jobs are going to create a benefit to the community.

We did take a look at the potential impacts on traffic. We found that during the operation of the facility there will be no significant impact. During construction there will be some temporary impacts to traffic flow through the Town of Burney, but we are looking at mitigation measures such as putting signage and notifying the public that there will be some temporary impacts, to be aware of that.

Mai showed you a picture, a schematic of what the power plant's going to look like. If you're interested in seeing how it's going to look in the setting, we have done some visual simulations. They're over here on these poster boards to my right. We're finding that basically there's going to be no visual impacts to the

community.

You can see the one to the far left shows the viewpoint from the Bedder Road residential area. And you can just barely see the plant, and you have to really look for it. We are going to be maintaining a visual buffer around the facility and we're looking at our options for that.

We have done noise modeling to evaluate whether or not there would be any noise impacts associated with the project. What we do is we run a noise model and then we compare the levels that are predicted by the model with the levels that we've measured. We actually went out and took measurements at three locations that are pretty close to the facility One is actually at the facility boundary; one was at the nearest residence; and one was a little bit further distance away.

And what we found is that on average the noise levels won't be above what the current average noise levels are in the community.

And I think this slide just shows what we measured at the nearest residence was about 64 decibels, that's a community equivalent noise

level. And we're finding that the predicted impacts are below that.

We also had to evaluate potential impacts to the air quality. And as Mai mentioned, the facility will be one of the cleanest or the cleanest power plant constructed at the time of construction. We are required by law to use state of the art emission control systems. And so we're going to be meeting the lowest emission standards that are required in the State of California.

I want to point out also that natural gas is a clean burning fuel, which is one of the reasons that we're looking at building that a natural gas fired power plant. And when we did an analysis of what the impacts would be, we showed that the impacts would be below the significant impact level that's established by EPA and by Shasta County.

Last January when we talked several questions were raised regarding the use of Soldier Mountain wind data to represent the plant. We're kind of limited by the availability of data. We did look again for data to find whether we could find a data set for Burney. And we found the data were unavailable for Burney and south.

However, I'd like to just show you the windrows. What a windrows is is it shows the general wind patterns throughout the year for the area. And Soldier Mountain, in the wintertime the wind, in general, blows most of the time from the north. And in the spring and summer the wind blows in general most of the time from the southwest. And we feel that that's fairly representative of this area. And so we feel that even though the data are from a site that's 12 miles away, that they're fairly representative.

We also looked at a cumulative impact analysis. So we have to take a look at not just the proposed facility, but the facility plus all of the other large sources in the area. And what we found again when we did our analysis was that there was no significant impact from the combination of the sources together in the area.

Because of requirements to mitigate potential impacts, we are going to be getting emission offsets. What emission offsets are are we're going to reduce emissions from another source somewhere so that we can offset the emissions increase that the plant will represent.

Right now we're looking at our options

for getting offsets, and we will be obtaining offsets from the best available sources within Shasta County. A question was raised last January about the potential for using wood-burning stoves, and shutting down wood-burning stoves to get offsets. And that would not be feasible for this project. One of the requirements is that the offsets must be enforceable, and Three Mountain Power and Shasta County could not enforce telling everybody not to use their wood stoves. So, we won't be doing that.

We also took a look at the potential public health impacts. What we do is evaluate what's going to be emitted from the plant and from the cooling tower. And we determine, based on the emissions, what the down-wind impacts would be from the plant. And we found that the potential health effects are very insignificant, they're very low.

And finally when we were out at the site, some of you weren't able to make the site visit, but we did see the location of the ammonia tanks, and Three Mountain Power has decided to use 19 percent aqueous ammonia. The reason for that is that aqueous ammonia is much less toxic than

anhydrous ammonia. It's much easier to handle and it's a much better use at the site. So the facility has committed to do that. And there are other minor amounts of some materials like paints and things like that that you would normally find in an industrial facility. But we don't anticipate any impacts from hazardous materials.

Several of you, last time we met also we were in the middle of doing a water quality study. And I think Marty is going to be talking about the results of that study. We're a lot further along obviously We've summarized it in the AFC.

So I'm going to turn it back over to Marty.

MR. McFADDEN: As Valorie said, we're still in the process of completing our water studies. Not all of our water studies are complete, but there is a water use study in detail in the AFC that people are certainly welcome to look at in detail.

One minute here.

(Off-the-record discussion.)

MR. McFADDEN: Yeah, there we go. This is the average water that the plant will use. Most of the water will be used for the purpose of

the cooling tower. These are consistent, a little bit different than what we presented in January, but they're based on refinements of the study and a little bit of a refinement of the plant design.

The average water use will be 2.7 million gallons per day of water. And we will discharge 400,000 gallons of water per day. The maximum water use will occur on a hot summer day naturally enough, and the water use on a hot summer day will be 3.9 million gallons, and the discharge will be 600,000.

We intend to get our water from the Burney Water District, even though we have wells on site. We've been talking to the Burney Water District, and in our application for certification a plan for interconnecting to the Burney Water District is laid out. The Burney Water District has adequate water supply for domestic and industrial uses. The addition of the plant will upgrade the infrastructure within the community.

The Burney Water District will have to do extra work. They'll have to bring pipelines out to the facility. They will have to install new wells and new storage. But all of that work and all the material for that work will have to be

funded by Three Mountain Power. So it will represent an improvement to the community infrastructure.

In terms of acrefeet, which some people do better at measuring water at, our annual water use will be 3500 acrefeet, and we will discharge 800 acrefeet.

One of the questions from last time was well, how does this compare to what the Burney Water District is doing, and what the Burney Water District will do. Currently the net consumptive use is 20,000 acrefeet per year. It's a projected increase by the growth of the community to 23,000 acrefeet by the year 2030. These numbers do not include the addition of Three Mountain Power. So if Three Mountain Power is added into this, the use will go to 23,000 when the plant starts up. And if the development remains the same, it will be 26,000 by the year 2030. We don't expect there to be any significant impacts on local water supply.

Now, when we were here in January there was a significant number of questions about our plans to build the facility, how were we going to build it, who was going to be the contractor,

would there be opportunity for local workers and local companies to participate. And at that meeting, even though it was already our intention, we committed that indeed we would use our efforts to maximize the use of local resources and hire local employees.

In our efforts to advance the project we interviewed a large number of potential contractors. We call them EPC contractors, you'll hear that a lot. It stands for engineering, procurement and construction contractors. And these are generally large industrial firms that have the capability to build the plant from the level piece of ground that you saw out at the site, all the way up to the visual representations that you see over there. And to have the thing operate properly and as designed, and also we hope they can build it on schedule and under budget. We'll put some pressure on Bob here in a minute.

But what we selected as our potential EPC contractor and entered into what we call, among us, a term sheet. But it's an agreement to agree. We have based the principles of the agreement are contained in a documents. It's about 70 pages long. And we are now in the

process of developing the very technical structured documents on which the plant will be built. And we're doing that with Kiewit Industrial Company.

One of the conditions in the terms sheet that Kiewit Industrial Company agreed to immediately and endorsed was that they would use their best efforts to utilize the local contractors, local sources of supply and local workforce. I'd like to introduce Bob Taylor from Kiewit Industrial Company. He's going to spend a few minutes explaining Kiewit Industrial Company and how they're going to work on this project.

MR. TAYLOR: Thank you, Marty. Can everybody hear me? Okay. I've got two primary areas that I want to talk about. One is who is the Kiewit organization that we hope in about a year, if everything goes according to Hoyle, and the AFC process works out, I would expect that we would start showing up in Burney in mid to late summer of 2000.

Kiewit Industrial is part of the Peter Kiewit & Sons organization, which is -- we're the eighth largest general contractor in North America. Not nearly as large as Bechtel, but

we're a large corporation. We do about $3 billion a year in construction. About 10 percent, 300 or 400 million a year is building power plants revenues through our books.

We're a long-standing company; we've been in business continuously for 115 years. Our headquarters are in Omaha, Nebraska. That's the national headquarters, but we have done a lot of work in California. We've been active in California continuously for, as near as I can figure, about 50 years. One of the more well known projects that we've done was back in the '70s, the Bay Area Rapid Transit system tunnel beneath San Francisco Bay was a Kiewit-managed project. And we've done a lot of interstate construction, a lot of bridge construction in the State of California, as well.

We've also done power projects in California. One that we did for Ogden back in the 1980s was a waste-fired project down in Stanislaus County. It was a successful project.

We feel that we're a leader in design and build of these projects. We've got three projects of design and build of equal magnitude, and one project is larger than this one; an 830

megawatt project in the State of Texas.

And we have an outstanding safety record as a corporation. I truly believe, and I've spent 20 years with the company, and thought I knew before I came to Kiewit what it meant to work safely. But our safety record, there's a factor in the industry called the employer's modification factor. A one is considered a good factor. Well, ours is .53. And we intend to be a good safe contractor here, both in treating of the workers in the day-to-day operations of the plant, and we intend to be a good citizen in the community.

Now I want to talk about the approach to construction. We've already mentioned that we would address that issue as far as the local hires. And it all really ties in on how we're going to build this project on an EPC basis. EPC, as Marty said, is engineering, procurement and construction.

The engineering will start in earnest several months before the construction actually starts. There's really, right now there's maybe 3 or 4 percent of the engineering will be done in the next few months to develop our final EPC price for Odgen, which is involved in making our final

agreement.

We will start construction, as I said, about a year from now. We are approaching construction, we will bring a project manager to Burney who will reside here in Burney through the construction of the project. He will have with him at peak about 25 staff, 25 to 30 staff members. There will be salaried, as well as some hourly employees. That's not the same 25 to 30 people that are on the operating staff. This is a different staff.

And out of that 25 or 30 there will be some people that we will hire locally that will, I'm sure, have the skills to fill those jobs. Also, and that's the support and admin positions primarily. Our professionals, superintendents and so forth, we do bring those people in to manage the construction.

The craft people will be local hires. We are currently involved in negotiations with labor unions to make what's called a project labor agreement for this project. This agreement will spell out the relationship that we have with the labor unions to supply the labor for the project. And so far we have a good relationship and we

fully expect that this agreement will be completed in the near future.

The craft people that we will hire, the majority of them will be in the mechanical and electrical trades, boilermakers, pipefitters, electricians. Also have some iron workers, carpenters, cement finishers and laborers and so forth.

We expect the peak we've estimated to be about 400 craft people on project. Now, when will that occur? Probably about 12 months into the construction, when the major equipment such as the combustion turbines and the boilers, when that equipment arrives that's when we have to start really hiring the people. And so sometime in 2001 would be when we would expect to see the majority reach that peak manpower.

Now in addition to the staff and the craft, we will do a lot of local buying of supplies from local suppliers, both in Burney and probably down in the Redding area. That may not be available here in Burney, we'll go to the nearest source, such as lumber, form lumber, wires, you name it. There will be a lot of that, and it will be purchased on a local and regional

basis.

As well as there will be some subcontracting opportunities. The actual subcontracting of what will be subcontracted is not decided now. I've put up here on the slide what is typical on some of our projects. We subcontract such work as the HVAC, the pre-engineer building, which is the building, large building that surrounds the combustion turbines or the steam turbines. That building will be procured in the local area, subcontracted entirely.

Any office buildings and so forth, that's all subcontracted. The insulation of all the pipes and so forth has to be insulated, that will be subcontracted. Testing. The soil has to be tested, the concrete, the welding and so forth. There will be subcontracting opportunities there, as well as probably transportation, transportation of the equipment. We may need transportation of the workers. We'll just see. But the subcontracting opportunities, there will be some. And the actual final decision on what gets subcontracted is the responsibility of our project manager on site.

That's all I have.

MR. McFADDEN: As we did last January, we have summarized most of the things that were said in these poster boards that are now behind us. And when the hearing is over all of the Three Mountain Power staff will be available to answer any questions that you might have or wish to ask afterward.

PRESIDING MEMBER KEESE: Yes, at this point, we'll also take questions and then we'll have a brief break. And then staff will make their presentation.

So if there are questions from the public at this time, for the applicant, you're welcome to ask them.

MR. McFADDEN: Could you please come forward to identify yourself for the record?

MR. CARROLL: Yes, my name is Fred Carroll. Could you give us the dimensions of the buildings that you were showing us in one of the earlier slides?

MR. McFADDEN: Fred, I'm sorry I have to say that I don't. It looks like Mai Hattar is measuring --

MS. HATTAR: Actually we'll check in the

AFC books and give you the right answer. I don't want to throw out a wrong answer there. So, it's in the AFC books, and as soon as we have a break I'll check what that dimension is and get right back to you.

MR. McFADDEN: Okay, so the answer is we don't know that number off the top of our heads. We'll get right back to you. Thank you.

MR. HATHAWAY: Hi. Jerry Hathaway from Hathaway Burney Ranch. Is there any visual impacts from due west of the project?

DR. THOMPSON: Again, we don't believe that there are visual impacts from due west of the project. We chose the Bedder Road residential area because we felt that that had the closest existing residences with a clear view to the slightly south, I guess it's to the southeast of where the project would be located, to the southeast of the Bedder Road area. But the Applicant is committed to maintaining a visual buffer to the west of the project components, so there won't be any visual impacts.

PRESIDING MEMBER KEESE: Do we have any other questions? Please identify yourself.

MR. SCHULTZ: My name is Bob Schultz,

I'm a businessman and property owner here in town. Question for Mai. You're the engineer. Are you familiar with the Yuba City plant, the Calpine Project?

MS. HATTAR: No.

MR. SCHULTZ: You're not familiar with that at all?

MS. HATTAR: Not that familiar.

MR. SCHULTZ: Okay.

MS. HATTAR: Go ahead, you can ask your question.

MR. SCHULTZ: I'm sorry?

MS. HATTAR: Yes --

MR. SCHULTZ: Well, the reason I ask is you just said this is going to be the cleanest plant ever built --

MS. HATTAR: Well, it --

MR. SCHULTZ: -- and I just wondered if it's going to be cleaner than that plant down there.

MS. HATTAR: I would say all the plants being built right now will be that same level of clean, because we all have to meet the same emission criteria, which is --

MR. SCHULTZ: And you're going to meet

the same emission criteria that the plant in Yuba City is meeting now?

MS. HATTAR: No.

MR. SCHULTZ: No, you can't?

MS. HATTAR: Well, I guess I can't answer the -- do you know what Yuba City is?

(Parties speaking simultaneously.)

MR. SCHULTZ: That's fine, thank you.

PRESIDING MEMBER KEESE: The Sutter Power Plant in Yuba City has been approved by the Energy Commission and will be built. It will meet the standard which can be met with today's technology. This plant will have to meet the same standard. But the Sutter Power Plant will not be in operation for a couple years.

MR. SCHULTZ: I don't understand that. I said I didn't quite understand your answer, but that's okay.

And the offsets, why do you need to buy offsets if you are not going to change or add to the air quality in our town.

MR. McFADDEN: May I answer that? The reason that we're seeking -- pardon me? We're seeking offsets in the Shasta County General Plan there --

(Off-the-record discussion.)

MR. McFADDEN: I'm sorry, I'll start over. The reason that we're obtaining offsets is that in the Shasta County General Plan there's an air quality element. And the air quality element, as a matter of mitigation for CEQA, requires offsets of emissions to a de minimis level of offsets.

And so we will be obtaining those offsets as a normal CEQA mitigation measure for this project. This project does not require, at this time, to offset for air quality regulations from the EPA or the Shasta County Air Quality Management District. But we are responding to the air quality element of the Shasta County General Plan.

MR. SCHULTZ: Thank you.

MR. MURRAY: I'm Bob Murray and I have a couple questions with the air quality. Is there a lesser requirement in the Burney area than there would be in the Redding area for air pollution?

DR. THOMPSON: The Burney area and the Redding area are classified in a similar manner as to air quality. Both areas -- well, the Burney area is in attainment for the federal standards

for ozone and particulate. But it's considered nonattainment for the state standards.

So, when we're looking at why we're offsetting, that's another reason. Because even though our impact to the air is below the significance level as defined by EPA, in accordance with the Shasta County General Plan, because the area is already nonattainment for the state standards, we will be offsetting the emissions.

I'm not sure, maybe Mike Cuso can help me out, I'm not sure about Redding's classification as to ozone, whether you're nonattainment for the federal standards in Redding? No. So, the classification is the same.

MR. MURRAY: Okay, the reason I asked is normally you'd want the power production closer to the necessary load. In this case we don't need 500 megawatts of energy in the Burney area. And it's just curious to me why you'd want to put the plant here when the California ISO possibly could, with RMR payments could pay more per kilowatt hour at a place closer to the load.

MR. McFADDEN: We're locating the plant here because there are many development advantages

to us. It is possible that some of our competitors will locate closer to the load, and perhaps or perhaps not, the deregulated electrical system that we see in the future, receive better prices.

The prices for electricity will be determined on a market competitive base as we go forward in the future, and they'll be deregulated. Our analysis is that we can, at this location, which is a good development site for our company, build a competitive power plant and provide power at a competitive price into the California markets. That's why we selected this site.

MR. MURRAY: Okay, fine. And my third question is for noise pollution. You mentioned this, I believe 53 db was the noise that you attained from readings around the area. I believe most of that was from your existing facility.

However, I recently visited a cogen down in Crockett which had a zero db level at its property line. Is there any chance you can get that down more reasonable?

DR. THOMPSON: Well, I'm not aware of any kind of conditions on the Crockett plant that would make it zero db. I don't know that that's

achievable. Maybe it's, you know, that they can't impact the existing noise levels.

What I will say is this. We're evaluating mitigation measures to reduce the noise to acceptable levels from both the Shasta County General Plan requirements and requirements in the community.

So we have employed currently mitigation measures in the design. And if you look at the AFC you'll see that we evaluated the noise levels before mitigation, and then again after mitigation. And so we're continuing to look at that as we work with the design contractors to add, you know, mitigation measures to reduce the noise.

But it's our intent to have the plant not be audible from the neighbors.

MR. MURRAY: Very good, thank you.

MS. CROCKETT: Marcella Crockett. I have probably two questions, one clarification. Did I read in the newspaper, was it stated that you will be emitting approximately 250 times per year of particulate matter? Was that correct?

MR. McFADDEN: Valorie is saying it sounds high to her, the amount of particulate

matter that we'll be emitting. Go ahead.

DR. THOMPSON: I'm sorry, that sounds high to me. I'd have to take a look again at the AFC. I don't have it at the top of my head, tons per year. So I'd have to look at it.

I wanted to say that it was below, just below 100 tons per year.

MS. CROCKETT: Okay. On the web we have some public documents under the government issues. And one of the staff issues that they brought to you was, and I'm going to do a direct quote: "The project area is nonattainment for state ambient air quality standard for ozone." Which you had already admitted to. "As a result, any increase in ozone precursors, in other words NOx, and volatile organic compounds, VOC, may exacerbate the number of severity of violations of standards."

Now, I read in one of your docket recitations that we received a fax on that your catalytic combustion system has yet to be tried. And I can do a direct quote from that. Would you care to comment on that?

DR. THOMPSON: Well, as I said, one of the reasons that we're getting offsets is because

of this nonattainment of the state standards. So offsets will reduce the emissions by what we're projecting our emissions increase to be.

Now, as far as the catalysts, it's true that there's been a demonstration of the control technology on a much smaller turbine. This is an issue that all of the power plants that are being proposed in the state are facing right now.

We're assuming that our design engineers are going to be able to meet that standard. And that's what they're designing to. And there are some power plant projects that are ahead of us, like the Sutter project, that are proposing the same control levels, and will possibly be built before our project, and be able to demonstrate that.

So, right now the technology's been demonstrated on a smaller turbine. If, in fact, we find that we can't meet that standard, then most likely what would happen is we'd might have to get more offsets. So that's a scenario that could happen.

MS. CROCKETT: How does that help the people of the Basin with the air pollution?

DR. THOMPSON: Well, basically what

we're trying to do is do a zero out emissions increase. So we're going to be increasing the emissions, but decreasing it by shutting down other sources, or getting emission reduction credits to offset the emissions.

MS. CROCKETT: The shutdowns, will they be in the Burney Basin?

DR. THOMPSON: Right now we're evaluating that. We're evaluating it, so I can't give you an answer on that now.

MS. CROCKETT: When you roll the plant off and on to energy needs, does the start-up include much more emissions?

DR. THOMPSON: Actually we're also looking at the operating scenarios, and there's a document that just came out on the Pittsburg facility, where they were looking at their offsets. It's their determination of compliance from the Bay Area AQMD.

What they're showing is that the plant has higher emissions if it runs all the time rather than start-up and shut-down. They are proposing to start-up and shut-down, rather than run all the time, and so their emission offsets calculations are based on a start-up and shut-down

scenario. And they're getting fewer offsets.

MS. CROCKETT: Okay, but again, I feel an evasiveness on the offsets. Have there been any local offsets to keep the impacts in the Basin where it is, or better?

DR. THOMPSON: As I said right now we're evaluating our options for offsets. We haven't made commitments at this point. We're looking at them now, and we will do that before we build the power plant.

MS. CROCKETT: Okay. One other question and then I'll let someone else ask the questions.

On the water usage, has there been any studies on the aquifer recharging, and whether or not the aquifer can stand this sort of depletion. You're only putting back in 700,000 gallons. Did I get that right, 700?

MR. McFADDEN: Yes, Marcie, we have preliminary results from Lawrence & Associates that say that the Basin can handle this amount of water use without any degradation. That it represents a relatively insignificant amount of water usage, and any effect that it would have on the aquifer, itself, is within the range of normal noise of the aquifer, noise meaning the normal

fluctuations and variations.

MS. CROCKETT: Does that take into account drought years?

MR. McFADDEN: Yes, it does.

MS. CROCKETT: Good, thank you.

PRESIDING MEMBER KEESE: Yes. We can have more questions. I will mention that you heard me formally state that I can't be in contact with any parties. In this case my staff is one of those parties that I can't be in contact with. But you're going to find in the next presentation that our staff is going to raise the water issue, the air issue and a series of issues that they're concerned about. And they will tell you their concern, what it is that they are concerned about. They're going to tell you in the next part of our presentation.

Feel free, go ahead.

MR. WEEKS: Thank you. William Weeks. My question was based on the wind studies off of Soldier Mountain, will there be actual air quality studies performed and wind studies performed within the Burney Basin over the next year?

DR. THOMPSON: We're not proposing to do any measurement studies. We're not proposing to

put up a wind tower. As I said, we've talked with Shasta County AQMD about the wind data, and we feel that they're fairly representative of the site.

We have done air quality impact assessments where we've run models to determine what the potential impacts are. And the models are usually based on pretty conservative assumptions.

So what you're getting is we'll tell you, based on the model, what's the highest impact level that we predict. And then we compare that with what EPA and Shasta County says is acceptable. But we're not planning on installing a tower or anything like that.

MR. WEEKS: Okay, your estimates are appreciated, but the actual -- I believe the Commission -- and I would like to charge the Commission with hearing the results of actual facts, studies done and measurements made.

Thank you.

MR. CARROLL: I just have a follow-up.

HEARING OFFICER GEFTER: Say your name, please.

MR. CARROLL: Fred Carroll. I just have

a follow-up question about water consumption.

Apparently in your Sutter -- the Sutter project there was some concern about their water consumption, and they came up with something called dry cooling design which reduced water consumption by a significant amount, from apparently 3000 gallons to about 140. And I'm just wondering if you considered that kind of design in this project.

MR. McFADDEN: We have considered that kind of a design, but have not adopted it because the site would not support dry cooling. Dry cooling is less electrically efficient, and would per kilowatt generated -- per kilowatt hour generated, actually have a larger air impact. And it would have a much more visual impact because of the size of the cooling towers.

So with the water supply that's available, the proximity for wastewater discharge into the Burney Water District facility, we have decided to go with water cooling.

MR. HARRINGTON: Jim Harrington, local resident. The cooling water towers, with the amount of water you're going to be cooling, would Johnson Park ever see daylight again? I mean from

the fog.

DR. THOMPSON: The answer is yes. This is one of the issues that was identified by the staff, and Rick is going to be talking about those issues. They have requested from us -- not one of the issues, but rather one of the data requests. It requested us to do a cooling tower visibility analysis. And we're in the process of putting that together right now.

So I don't have hard numbers for you, but we're looking at it. We did a qualitative analysis which is in the AFC, and you can take a look at that, also.

MR. HARRINGTON: One more question. Because we're going to have boiler and turbines, then we're probably going to have forced draft fans and induced draft fans, is that the case? And what would the db noise pollutant be out of those?

MS. HATTAR: You're right, the cooling tower will have fans. And there's some level of noise associated with those fans. And that's been incorporated as part of the noise model into the study.

MR. HARRINGTON: Thank you.

MR. McFADDEN: However, the design is such that there are no forced draft fans or induced draft fans as there are on conventional boilers. The air is motivated by the discharge of the combustion turbine, which is most simply designed and described as a jet engine.

So that the hot gasses discharging from the combustion turbine have sufficient velocity and pressure to go through the boiler without any additional fan power.

MR. HARRINGTON: Thank you.

MS. MENDONCA: Roberta Mendonca, the Public Adviser. Just listening, the AFC, or the application for certification has been mentioned several times. And people have been encouraged to go look up something in it. It is available in your local Burney library, a copy of the application for certification, as well as in Redding in the County Library.

PRESIDING MEMBER KEESE: Okay, we're going to have to take a break at this time. Questions will still continue to be allowed. I would suggest, we're certainly not going to make 9:00. How long is our staff presentation going to be, do you think?

MR. BUELL: I think we can keep it to about 20 minutes.

PRESIDING MEMBER KEESE: So I would say we have to take a break right now. We'll take a break and come back with the staff. And anybody and everybody's questions here, we'll stay as long as you want us to stay.

Thanks.

HEARING OFFICER GEFTER: Off the record.

(Brief recess.)

PRESIDING MEMBER KEESE: All right, we'll go back on the record. And I will ask staff to present -- I'll ask staff to make their presentation.

MR. BUELL: Again, my name is Richard Buell. I'm the Project Manager for the California Energy Commission Staff. On the back table as you came in I had put out some copies of this presentation if you'd like to pick those up. Some of the slides are a little bit difficult to read, particularly from the back of the room. But hopefully if you pick up a copy of that, or if you want, I will have it posted on the website. You can download it there. Or if you want me to mail you a copy I could mail you a copy.

Why don't we move on to the next slide. Earlier this evening both Chairman Keese and Roberta have talked to you about the relationships of the different parties in the process. And rather than belabor that point, I want to point out one thing that's important. That is the staff on that.

You'll note that we're on the same line as the applicant and as the intervenors, such as CURE, and the public and local agencies. We are, as Chairman Keese indicated, we're not allowed to go and talk to the Chairman and tell him our thinking about whether the project is good or bad. We have to go through a public process, evidentiary hearings where the public has been notified. You can come to the hearings and provide comments.

Next slide. The purpose of the process is to insure there be a reliable supply of electricity for California; that when we do so, we protect public health and welfare, and the environmental quality of the state.

Next slide. The Energy Commission has permitting authority for thermal power plants 50 megawatts and greater. A thermal power plant

would be one that burned natural gas to produce steam; one that burned natural gas to produce gas, as in a gas turbine, as is proposed in this case. It would be a geothermal project, it would be a nuclear project. What it wouldn't be would be a wind project. It wouldn't be a solar voltaic project.

We also have jurisdiction over related facilities, such as transmission lines. Generally to the first point of interconnect to an existing system. We also have jurisdiction over the water supply systems. Also natural gas supply lines; waste disposal facilities; and access roads.

It is also staff's role in the process to coordinate with local agencies, federal agencies, and state agencies to insure that their normal process is followed. In other words, the rules and regulations that local agencies have established, staff is going to insure that those are identified, and that it is determined whether or not the project conforms with those local regulations, as well as state regulations, as well as federal regulations.

The California Energy Commission is also the lead agency under the California Environmental

Quality Act.

Next slide. The California Energy Commission process has been deemed by the resources agency as equivalent process. In other words we don't produce an environmental impact report. The resources agency of California has determined that our process is equivalent to the process that would normally take place in an environmental impact report process.

In our process we do do things that you don't see in a normal EIR process, or environmental impact report process. We assess need, whether the project is needed. That is less of an issue than it used to be when we were back in a regulated monopoly. It is now, since it's into a market-based approach, it's not as much of an issue as we used to get into.

There are also a lot of engineering issues there, not normally part of a EIR process. We look at things like determining whether the project will conform with local building standards. And whether or not it's being designed and operated safely.

Another thing that's part of our process that's not necessarily part of the EIR process is

we have a lot of workshops. And they're all going to be open to the public and so are our hearings.

We had our first public workshop in Sacramento this last week. And the purpose of that workshop was to discuss staff's data requests. It was an opportunity for the applicant to ask questions about staff's data requests, to seek clarification on what information that we were requesting.

We will have more workshops on this project. Most of those are going to be here in this location so the public will have access to them. We'll have also workshops where we will be more focused on issues rather than simply the data requests that staff has asked, but will be looking to resolve issues, find out what would be an acceptable mitigation measure to address issues.

CEQA documentation, as I said, we don't produce a document that has the title EIR on it. We do produce a number of documents that will look similar to what is a typical environmental impact statement.

The first one is called the preliminary staff assessment, and as the name implies, it's our first cut of our analysis on whether or not

the project would conform with applicable laws, ordinances, and standards; our assessment of the environmental impacts of the project; our recommended mitigation measures, and also our proposed conditions of certification.

We will have, after that is published, and I think we're proposing a date of December 6th for this project for the preliminary staff assessment, we'll have a number of workshops and we'll try to solicit comments from local agencies, the public, the intervenors on our preliminary findings.

Once that has taken place we'll publish a thing called our final staff assessment, which is essentially staff's final evaluation of the project. That will be presented in evidentiary hearings, and along with other evidence that the Committee will hear, they'll issue a Presiding Members proposed decision.

And that is generally the document that is equivalent to an EIR, or generally accepted as it. The last document we produce is, of course, the Commission decision.

Lance, next slide. This is kind of a quick view of what the schedule of a typical AFC

is, or application for certification. We're now in the discovery phase. You see that starts at day zero. We have completed the data accuracy phase back in June of this year when the Commission deemed the application complete. Meaning we have enough information to begin our analysis. That doesn't mean we've reached any conclusions on whether to approve the project or not to approve the project.

The discovery and analysis phase are very closely related. I don't know why we necessarily call them different things, but during that phase we'll again have data requests, workshops. We'll publish the preliminary and final staff assessment. There will be a preliminary conference which will be an opportunity for the parties to identify those issues that they want to be addressed in evidentiary hearings.

The next phase is Committee hearings. And we have a typical day of starting there about 220 in the process. And we have a typical decision day 300 in the process.

We have a post-certification process called compliance monitoring. And we deal with

that in more detail in some of the subsequent workshops.

Next slide. As I have indicated, it is a public process; that we have all our workshops and hearings are noticed, as this hearing was noticed. You'll receive a notice ten days prior to any staff workshop, or at least ten days. I like to try to get them out at least 14 days before the workshops.

If you want to get on the mailing list, on the sign-in sheet that Roberta had in the back, please check your name and we'll put you on the mailing list. You'll get a copy of any notice that is sent out.

Where can you obtain documents? I think Roberta has mentioned already that we can get those at the public library here in Burney and also in Redding. We have one at the Sacramento County Library and also at the Energy Commission Library.

We have a website where you'll be able to see all the staff documents, as well as Committee documents, such as the notice of this hearing, proposed decisions, the staff preliminary and final staff assessments will be on our

website. You can also write to our docket unit and get a copy of a document that you may want to receive.

Also, one thing I'll mention is those parties that are intervening will also get a copy of the AFC as part of that intervention.

Next slide. I think we've said this once already, or a couple times. And that is we're going to work closely with the local and state and federal agencies, particularly the Shasta County Planning -- excuse me, the Resource Management Department, the Fire Department and other Departments, the Shasta Air Quality Management District, the State Department of Fish and Game, Caltrans, the Air Resources Board, the Central Valley Regional Water Quality Control Board, and also with the federal agencies such as the USEPA, Fish & Wildlife Service, and U.S. Forest Service.

Next slide. Here is a list of contacts. That's my phone number up there and my email address. If you'd like to call me, you have a question on what's happening on the project, feel free to do that, or email, if you want a response. That's our webpage address up there, also, and you

can gain the most recent documents off of that. Also I have Susan Gefter and Roberta's phone numbers up there for your convenience. And also Les, who's been my primary contact with the Applicant.

And that concludes our presentation on the process.

AUDIENCE SPEAKER: Would you mind reading out those numbers for us who have older eyes?

MR. BUELL: Certainly. We'll start with mine. My number --

HEARING OFFICER GEFTER: Wait a second, Rick. The reporter couldn't get that question, so if you don't mind --

PRESIDING MEMBER KEESE: That's right, we'll just --

HEARING OFFICER GEFTER: -- we'll repeat it. Go ahead and repeat the question.

MR. BUELL: The question was could I read out the phone numbers for those who have older eyes, like myself.

And I'll start with my phone number. My phone number is area (916) 653-1614. My email address is rbuell, that's b-u-e-l-l,

@energy.state.ca.us.

Susan Gefter's phone number is area code (916) 654-6110. And Roberta's phone number again, she has two phone numbers, you can try the toll free number I think would be advisable, is 800-822-6228. I have a phone number for Les Toth -- okay, for Danielle's Tinman, I have a phone number of area code (415) 278-9500. And Les Toth's phone number is area code (818) 879-0371.

Are there any other questions? That completes our presentation.

PRESIDING MEMBER KEESE: Staff will later present their issues identification report, in a few moments. It's my understanding that the intervenor does not care to present at this time.

State or local agencies? I know that TANC wanted to make a statement.

MR. WOLVEN: Yes. For the record my name is Don Wolven. I represent the Transmission Agency of Northern California, TANC.

TANC is a Joint Powers Agency, has about 15 members. These 15 members invested in a 500 kV 1600 megawatt transmission line which connects to the Pacific Northwest in Oregon, and transports power down to the Tracy area in California, near

the major load centers.

TANC owns 79 percent of -- it's called the California/Oregon Transmission Project, and they own 79 percent of that project. They spent $400 million putting that project together.

The purpose of the project is to access firm power from the Northwest. Many of the TANC members have long-term firm commitments to power providers in the Northwest. And built the project so they could get that power to their load centers.

The COT line is operated in parallel with the Pacific A/C Intertie, those are two power lines coming from Malin down to the Round Mountain Substation just near here. The Pacific A/C Intertie is rated at 3200 megawatts. The combined total of the three tie-lines is 4800 megawatts.

PG&E's performed a preliminary feasibility study on this project. And at times it indicates that with the addition of the Three Mountain Power Project there could be a reduction of 300 to 400 megawatts of import capability. This would be a reduction of TANC being able to get its power into California.

PG&E's reconductor into the 230 kV

transmission lines as was mentioned during our site visit only addresses the reliability issue for interzonal situation. It does not really help with moving the power to the load centers, as the man mentioned earlier, which is down in the Bay Area and Central California, the major load centers, the Sacramento Valley.

The ISO has a process for interconnection to new generation. And in that process it only addresses what's known as intrazonal congestion, that is the ability to move power within a zone, not across, between states. And the transmission lines from the Northwest are between states, and that's a different type of congestion problem that is not addressed in the ISO process.

The problem that TANC sees is having a reduction in its transfer capacity to import its power from the Northwest when it's most needed. And it's analogous to -- these new transmission lines that are going to be constructed, or reconducted, excuse me, are moving power from generators to the major bulk transmission system. It's like a river going to a bigger river. But with the California/Oregon Intertie coming, that's

two rivers coming together, but the products trying to get to market, in this case energy, are competing for a limited resource to get to the load center. And that's causing congestion, or can cause congestion.

And so what you have is the generation from the Three Mountain Power Project competing for a limited resource transmission, and the power coming in from the Northwest.

TANC's concern is, I'll state it again, and I've said, is that we're concerned about our import capability being reduced, and therefore our members not being able to meet their long-term commitments to firm power procurements they've made in the Northwest. Or to access even spot market energy when most needed.

We see that there will be need for mitigation of any potential impacts the project may impose on the transfer capability across the California/Oregon Intertie.

TANC is willing to work within the CEC process, and we will be filing a formal intervention.

PRESIDING MEMBER KEESE: Thank you. Do we have any other agencies to make a statement?

MR. CHURNEY: Once again my name is Mike Churney, and I'm obviously here for the concerns of mosquito production. I have been playing basically phone tag with Danielle Tinman over the last couple of weeks, and on rare occasions we've had the opportunity to talk.

When this project first came up I was highly interested in the feasibility of what I understand that there was going to be discharge of water. The feasibility of raising gambusia or mosquito fish.

I talked a little bit with Danielle and described some of the qualifications in order to do that, and when she got back to me her response was that this probably wasn't going to be possible because the discharge ponds or whatever you want to call them were going to be about six inches to a foot of water and very warm.

And my response to Danielle at the time was you just described the perfect mosquito habitat.

Since then she has also informed me that the flow in the summertime will be about 750 gallons per minute. As long as there's vegetation allowed to grow that means nothing. It will

produce mosquitoes like crazy.

I did some figuring when -- it's Marty, right?

MR. McFADDEN: Yeah.

MR. CHURNEY: -- when the figures that you gave me, and you said that you have an annual water discharge of 800 acrefeet. If my calculations are correct, that's about two acrefeet of water per day, which equates to approximately two football fields with one foot of water on that.

That has the potential of putting off a tremendous amount of mosquitoes. The Burney Basin Mosquito Abatement District would definitely like to be part of the team that puts this thing together, and regardless of whether those ponds are on your site or on the sewer ponds, somebody has to be accountable for those. And I'm still interested in raising fish, if it's possible to get the ponds deeper than six to one foot.

Marty, could you --

MR. McFADDEN: Of course, you spring it on me. I don't know anything about raising fish. But the ponds that we envision are percolation ponds. And the soil is very porous. And as the

discharge water enters into the pond it percolates back into the groundwater, and doesn't have a very long, nor does it need a very long retention time.

So I don't know how practical it is for raising fish. I think it would not be, because I would expect that at anytime when the plant is shut down for maintenance or repairs, those ponds would go empty. And so that -- and, of course, we can't predict at anytime we might be forced to an outage because of equipment breakage or something like that. So, I think that presents practical problems to raising fish.

As far as mosquito abatement, we will abide by the requirements to make sure that our ponds are not mosquito breeders.

MR. CHURNEY: Question along that line. Will those ponds then, you said that they're going to percolate out, will they be holding water more than say five days during the summertime?

MR. McFADDEN: The water will pass through. There'll be, you know, there'll be water in at least one of the ponds more than five days, yes.

MR. CHURNEY: Okay. One other question to Supervisor Hawes, if he's still here. You

brought up the $2.875 million tax base. If I contact Rick Graham will I be able to find out how much that's going to equate to my district?

MR. HAWES: I'm sure he can --

MR. CHURNEY: If he can't, can I get --

HEARING OFFICER GEFTER: I'm sorry, wait a minute. We can't have a conversation like that, because we need it on the record.

MR. CHURNEY: Okay.

PRESIDING MEMBER KEESE: We're on the record. We are informal, but we have to allow the court reporter to record what's transpiring here. So, if you have a question --

MR. CHURNEY: Well, I'll just --

PRESIDING MEMBER KEESE: -- for people in the audience, privately.

MR. CHURNEY: Okay. Just for your record, Glen Hawes said that I could ask that question.

(Laughter.)

MR. CHURNEY: That's all.

HEARING OFFICER GEFTER: Thank you. Okay.

PRESIDING MEMBER KEESE: Do we have any other agencies?

Okay, with your indulgence then what I would like to have staff do at this time is identify the issues that staff feels are present in this filing.

MR. BUELL: Again, I have brought with me this evening copies of the Staff Issues Report, and I have put some copies on the back table, as you came in, and hopefully if you were interested you got a copy. I don't know if there's any left or not. You may also find a copy of the Staff's Issue Report on our website. And if you want to, you can contact me and we'll get you a copy of it.

Lance, if you'd click that little button right in the middle of the screen where the cursor is. Twice.

The purpose of Staff's Issue Report is to identify potential issues early in the process. We have not, by any means, completed our analysis of this case, so we are still looking to try to determine what issues we believe exist. And part of the process of finding out what those issues are is receiving comments from the public on what their concerned about, what is important in this community that needs to be addressed. So your comments tonight have been very helpful to staff

in trying to understand what your concerns are.

Our issue report is not limited. Our criteria for identifying what is in issue at this time is an impact that may be difficult to mitigate. For example, visible plumes from the cooling tower may be a very difficult thing to mitigate if we determine it to be a significant impact. So we'd want to identify that as a significant impact or a potential impact at this point.

Noncompliance problems. In other words, if a project doesn't conform with local regulations or state regulations or federal regulations, that would be an area that we'd identify as having a potential issue at this time.

And lastly, issues that are potentially contentious. Where there's a number of parties that are concerned about issues, that's another area that we would identify as an area having a potential impact.

Next slide. This table is a little bit difficult to read, and I apologize for that. It's also in the Staff's Issue Report, but it's a synopsis of all the different subject areas that staff analyzes during a process.

And what we call a technical area or subject area may be different than what you're thinking about. For example, we have down there industrial safety and fire protection. Well, that's worker safety. To some people that's general safety. Hazardous material handling is an area where we deal with the ammonia storage on the site.

So if you have a question about where we analyze issues, please feel free to ask me, either after this meeting or at anytime, and we can describe that.

Those areas up there that are gray-shaded are areas that we have identified a potential issue in at this point in time. And I'd like to start off with biology. The issue that we've identified there is related to the transmission reconductoring. And we're concerned whether or not the project might have an adverse effect on biological resources.

At this point in time it's not that we've made the determination that it will. It's simply that we don't know, we don't have enough facts in front of us to make that determination. We've asked data requests from the Applicant who's

in the process of responding to those data requests to help us answer that question.

Another area that we've identified as a potential area of issue is land use. I don't think I heard anyone mention that area tonight. But the two issues we have under land use are one deals with the height of the stack. It is a local county ordinance that the height of the stack 45 feet. The project stacks are 145 feet.

Normally the County would deal with that through their conditional use permit. And they'd simply say, analyze the project and determine what criteria would they be able to issue a conditional use permit.

This is something that we'll have to deal with, find out what issues, how we go about approving the project. It's not something totally out of the ordinary.

Another issue relating to land use that was mentioned earlier tonight was visual screening. We want to make sure that the project maintains the visual screening. Now currently doesn't have control of the land that's providing the trees that block the view. And so we want to find out if there's some method of insuring that

that visual screen is maintained.

Another area that I heard mentioned tonight is noise. We, too, are also concerned about noise from the project. We're interested in gaining additional information from that, Applicant, on how they conducted their noise surveys, as well as how they made their noise estimates.

And we're in the process of evaluating whether the project would conform with local zoning requirements or noise elements.

Another area is traffic and transportation. At least one of the roads leading into the site has a potential of causing traffic hazards during construction. So we're going to be looking at what methods are there to mitigate that potential hazard.

Another area which was mentioned by TANC, the Transmission Association of Northern California, is related to the transmission engineering. It's what we call a technical area. And as identified in the issues report, the Applicant has -- or rather PG&E has conducted a preliminary study on the transmission line system. And the California Independent System Operator,

also known as ISO, has reviewed that and approved that report, preliminary.

There are issues that need to be addressed, and we'll be dealing with TANC in various workshops and other parties that are addressing the transmission line issues to make sure that those will be addressed in the final facility design study that is done for the project.

If you go to the next slide we can focus on some of the more specific areas, or more important, I don't know if that's the right word. Air quality. I've heard a number of issues this afternoon, or this evening, rather, related to air quality. And staff is also concerned about air quality.

The project may cause new violations of the state ambient air quality standard for particulate matter, also known as PM-10. Because the background in this area is relatively close to the standard already, any addition from this project may cause a new violation of that standard.

The project area is already violating the state standard for ozone. And any addition

from the project may exacerbate those violations, either make them worse or the magnitude of them higher.

As the Applicant has indicated, they have proposed to use BACT, or best available control technology. Sometimes we refer to it as lowest achievable emission rate. And also emission offsets. These are the typical mitigation measures that staff would look at, or the local air pollution control district would look at to mitigate air quality impacts.

So what they're proposing is generally what staff would expect to be proposed to mitigate those air quality impacts. The proof will be in the pudding, so to speak, is that we need to do an analysis, we need to see the specific offsets that the Applicant is going to propose. And they, the Applicant willing to provide those at some point during the hearing process.

Staff will be working closely with the Shasta County Air Quality Management District, the Air Resources Board, and the USEPA in evaluating these issues. And we'll be holding a number of workshops to discuss these issues.

Next slide. The next slide is water

resources. Also heard this evening a number of concerns about water resources. And one of our concerns is the disposal of wastewater in unlined ponds. What we're worried about here is that groundwater or percolating that water into the groundwater could contaminate the groundwater. So we'd be interested in evaluating whether that would violate any existing state policies, what would have to be done in order to comply with those regulations, or mitigate the impacts.

We're also concerned about the use of groundwater in this area. We want and need to understand whether or not the project will cause significant impacts using that groundwater. The Applicant has conducted a number of studies on water use. We need to evaluate those, go through those in detail. We may hire our own consultants to look into what we believe the impacts there might be.

Again, staff tends to work closely with the Applicant, local agencies to resolve these issues. We'll be conducting workshops and issuing data requests.

Next slide. I talked already about transmission line engineering, so I won't go into

this in great detail. I think TANC has already identified what their concerns are.

Next slide. That is next to unreadable.

(Laughter.)

MR. BUELL: Basically what I'd like to point out is that we're in about day 50 of a 365-day process. And that's the big green line that you see there, is for the informational hearing.

The next sort of things that you're going to be seeing in the process are staff workshops for the next couple months, the process will be dominated by staff workshops, staff data requests. While we're in the process of collecting data there will also be an opportunity for the intervenors to ask data requests of staff or other parties or the Applicant in the process to gain information for them to better understand the project or the proposed mitigation or the issues on the project.

And although you can't read that, staff is proposing to present its preliminary staff assessment on December 6th. And I believe the final staff assessment is scheduled for January 19th of next year.

We would start evidentiary hearings in

February, and conclude those in February. And a proposed decision, or Presiding Members proposed decision -- it looks like June of next year would be the -- that's not right -- April of next year would be the PMPD, or the Presiding Members proposed decision. With the final decision to be in June of next year.

One more slide. Staff will, as we have done in other cases, we propose to the Committee that the parties be required, at least staff, to provide the Committee with a periodic status report to identify how the progress on the issue resolution, where we are in the case, and what problems we might see in meeting the schedule in this case.

And the last slide I think we don't need to see. It's in the package, if you're interested. It's a list of acronyms. That's those pesky little words that keep cropping up in the staff's and Applicant's discussions. Things like APCD, APCO and NOx and SOx and ROx. So, that might help you understand what some of those terms are.

That concludes our issues presentation. If there's any questions I'll be happy to answer

them.

PRESIDING MEMBER KEESE: Thank you. The order we're going to take here, we're going to have the Applicant respond first, and then we will come back to questions.

MR. McFADDEN: Thank you. We have received the staff's issue identification report and have begun the process of addressing the issues that they have raised to make sure that the project that we're proposing conforms with all of the applicable laws and meets the standards of the state and local agencies, and the California Energy Commission.

We're looking at certain refinements to the design. We're looking at certain things to improve the performance of the plant in the areas that the staff has raised as issues.

We have reviewed the staff schedule, as well, and we believe that we can move to that schedule and satisfy the needs in the timeframe presented in that schedule.

PRESIDING MEMBER KEESE: Thank you. Does the intervenor have any comments?

Do we have any agency response to the staff's presentation?

Can we hear from the Air District on their proposed schedule? On which our schedule hinges significantly.

MS. CIRULIS: My name is Rita Cirulis. I'm a Senior Inspector with the Air Pollution Control District here in Shasta County.

We have an October 21st tentative deadline to meet as set forth by the CEC. It's highly dependent on whether we get some additional information at this point from one of the vendors to the Applicant. And it's dependent on that. It's unknown. They're working very hard to get that information for us.

Once we have that and we analyze the start-up and shut-down scenarios more closely I think we'll have a good start on the PDOC.

PRESIDING MEMBER KEESE: Thank you. Do we have any other response by agencies?

Okay, we're open for questions. You've been waiting a long time. You've been anxious to get up here --

MR. SCHULTZ: Again, I'm Bob Schultz. Rick, two air quality impact issues here in your statement. There are actually two more gases, I believe, that come from this combustion, carbon

dioxide and carbon monoxide, is that true?

MR. BUELL: Yes, that's true --

MR. SCHULTZ: That you didn't address in this? The original newspaper article that I saw in The Record Searchlight, I believe it said 500 million tons per year of carbon monoxide will be discharged.

Carbon monoxide is heavier than air, displaces oxygen in our bloodstream. Also kills trees, which would be something that would take away from the environment. And, of course, we know carbon dioxide does the opposite.

There's nothing in this report. I'd just like to see that addressed and know exactly what we're going to have here, because we have 500 million tons of carbon monoxide raining down on us, that's an awful lot to live in. It's a health hazard to people that have lung disease or heart disease, artery disease, any of those type of diseases.

MR. BUELL: Yes, carbon monoxide and CO2 are issues that we would look at. We had not identified those as potential issues because of the levels that were presented in the AFC did not indicate to us that there would be a problem with

those.

We'll be doing our own review of the modeling analysis that the Applicant provided to assess whether or not we agree with their estimates. And we'll evaluate whether they conform, the emissions on the project would conform with applicable regulations.

MR. MAYNARD: I'm Don Maynard from Burney Forest Products Power Plant. And we're an independent power producer. We deliver energy to the Fifth Cottonwood Line. And our company would be having a concern about our ability to deliver power during reconductoring two and a half to three months.

And I would just like to register that concern, and also if anybody knows if there's been any addressing of this issue.

MR. McFADDEN: We've had discussions with PG&E about how they will conduct the reconductoring work. And the nature of the reconductoring is to make basically a loop from, if you will, Cottonwood Substation, around through the Pitt River Plants, through our plant, through your plant, and then to Cottonwood. That's the way the wires would be.

The electricity would be able to flow in either direction from all of the plants in most cases if one of the legs of that loop is down. They intend to do the reconductoring so that power can be exported during all of the times one way or the other. So we expect that there will not be an impact. But that will be part of the detailed facility study in the reconductoring plan.

MR. MAYNARD: Okay, we don't currently have isolation ability to that extent, and so if Cottonwood was down we would have to be down, unless more switching was installed first.

PRESIDING MEMBER KEESE: You've put the issue on the table. It will be dealt with.

Okay, and we were somewhat in our questions of staff, but feel free, at this time, since this is our time for the public to come forward, we're going to stay here until all questions have been answered. So go either way.

MR. HATHAWAY: Do you want to start with air quality, water or --

HEARING OFFICER GEFTER: Identify yourself, please.

MR. HATHAWAY: Oh, I'm sorry. Jerry Hathaway, Hathaway Ranch, FLP, a resident of

Burney.

In the Applicant's report it talks about salts produced. And then also in the data that they presented, the effects of salts on plants. The data, I believe, on the effects of salt, the soil salts, the foliage salts, the Burney Valley is rapidly going into row crops, garlic, mint, carrot seed, cantaloupe seed, plants that are very sensitive to air salts. A tremendous impact on their ability to photosynthesize and to grow. Causes withering and death. I'd like to bring that point up.

Also, it's my understanding that the NOx that are presented to be, and you've identified -- the staff's also identified them as an issue, and I'd have to concur, as an adjacent property owner.

Groundwater discharged from the cooling tower is a great concern to the adjacent property owners, also, because we draft large quantities of water out of that same groundwater basin for irrigation. If the groundwater becomes contaminated with heavy metals our ability to move products, especially garlic, will be greatly curtailed.

Our ability to market oil from our mint

plants will be contaminated at the source and prevent us from entering the mint market.

The effects of salts and heavy metals continually applied to seed production crops such as mentioned greatly reduces their ability to germinate. If the seeds will not germinate then the producer receives no income.

As a matter of fact, we have to have an 85 percent germination rate guaranteed to the companies that we produce for.

So the groundwater discharge into unlined ponds, percolate directly into the water aquifers is a concern.

I studied the groundwater report that I believe you've seen that was done by Lawrence and Associates. It surprises me that every time they do a groundwater study they always talk about it includes surface waters. Surface water in this basin drains rapidly to the north, and it is never -- we've never been able to show a correlation between the amount of surface water that's available in any given year and the groundwater. And we're still unable to.

The other thing that concerns me is they went west about six miles and included an adjacent

valley, which is Goose Valley, in the groundwater study. Goose Valley also has the ability to drain directly into the Pitt River. And if you go to the north end of Goose Valley, you'll find that the water stands there for awhile. The landowner has done a lot of modifications to exit that water by their choice to Goose Creek. But that's surface water. Most of their groundwater probably exits via the Pitt Three Canyon.

Also the water study indicates that there's portions of the area that the aquifers can actually be unable to transmit water, along with the larger flow of water. Hopefully the two wells that we own and have never been identified in the study, one's a huge agricultural well that pumps about -- has the capability of pumping 2200 gallons a minute; the other one is a domestic well that also provides water to the closest residence that's never been mentioned in any of the studies, which is actually off Black Ranch Road, west of the project.

Our concern is they draw down even 3 percent, that if our aquifer happens to be one that is unable to recover or enjoy the same huge supply that flows underneath the valley, then our

water supply will be greatly reduced.

The concerns about the design of the plant for shut-down and restarts, dependent upon the price of power, is also a concern. I know someone mentioned that they believe in Pittsburg they're going to reduce the pollutants by actually shutting down and restarting. I'd have to see those studies to be able to understand how they can accomplish that.

I've also questioned the visual impacts directly west of the proposed plant. And you continue to say there's no impacts. You can come to my barn anytime and I'll show you the existing plant clearly.

Also from our residence that is adjacent to Black Ranch Road, the noise level is sometimes unacceptable. We have, this summer actually had to provide electric fences to keep cattle next to the Black Ranch Road for them to graze, because of the constant grinding and whining and winching noises that chase them back over to the other side of the field.

The Applicant has continually stated, and started in January, that this is going to be the cleanest power plant operating in California.

Unfortunately the report, their NOx levels and their pollutant levels that they provide that they emit from this plant already exceed those, sometimes double the plant that was just licensed to operate at Calpines.

Because of the concerns, groundwater discharge and still shaky water report that tells us that we have an abundance of water that anybody can draft from, I would recommend that the staff leave open the option of an air-cooled plant, because we've got a visual impact from the air-cooled plant, the tower and the stuff they're proposing would probably be minuscule.

Thank you.

PRESIDING MEMBER KEESE: Thank you. Mr. Buell.

MR. BUELL: I just wanted to say thank you for your comments. They're all very good issues that you've identified, and they're issues that we'll try to address in our analysis.

A couple things that I noted was start-up emissions and shut-down emissions are something the staff is particularly concerned about. They are a period of uncontrolled operation basically. So they do result in significant emissions. And

they're something that we will look at in terms of calculating the project's impacts, and looking at what mitigation is required.

Dry cooling is another issue that we'll probably be looking at. It's required that in order to use fresh inland waters that under the state policy that you must examine all the alternatives. And one of the reasonable alternatives will be dry cooling.

Of course, we do need to determine whether it is both technically and economically feasible. So we'll be doing that type of analysis.

And you went through a lot of issues that I think have a lot of merit that we need to look at. Visual impacts, noise are important issues. So, thank you.

PRESIDING MEMBER KEESE: Any other public comment?

MR. CHURNEY: Once again, Mike Churney, and this will be really brief. This is directly toward Mr. Buell. In your presentation on potential uses, you have -- or potential issues, I'm sorry, in the subject area of public health you have potential issue no. Because of my issues

that I raised earlier about the potential for mosquito production, this is definitely a public health issue. And just for my peace of mind, I would like to have your staff address this issue. Thank you.

PRESIDING MEMBER KEESE: Thank you. Anyone else to come forward? A potential intervenor.

MS. CROCKETT: Marcella Crockett speaking for the Burney Conservation Group. I have three concerns.

You mentioned, Mr. Buell, about the dry cooling being technically feasible. It was eventually required in the Sutter plant, reducing the emissions by half of what they would eventually be if they'd used water cooling. Obviously that technology is in work and doing well.

The other thing that really concerns me is downstream well contamination. You had mentioned that there was some concern about the unlined ponds and groundwater contamination. I think there is some regulations in the federal water laws, when I was going through the Shasta County regs, and they were mentioning some federal

regulations about downstream users cannot be damaged in any way, existing downstream users.

Also, Mr. Hathaway mentioned that even a 3 percent reduction in his groundwater could possibly significantly reduce his pumping ability. In the submission that was put before you there is a general statement made from the Applicant that the Burney Falls could be reduced by as much as 2 percent. And so that would make a significant water draw-down in the basin.

The other really major thing that I want to impress upon the Board is the impact of air quality. In the winter we have a severe air inversion problem. And we have pictures to document this from where we live, out on the edge of the meadow, looking in toward town, where Burney, the community of Burney actually lives in a fog. The air does not move. It is very stagnant. The wind studies I would really question. I think there is a severe health hazard here.

When I was working I saw between 40 to 60 people a week. And a lot of them were elders. There was a significant increase in upper respiratory problems over the last five to six

years. The last air study done in this basin was in '92 that we could get any documentation from. And rumor control has it, and I want that mentioned because that's the validity that I'm operating under at this point until I get to some data, that they were having problems keeping the filters clean enough to get an air reading.

If that is true we have a substantial health hazard here in the Valley, and it's something that I really am asking the Commission to think about. I would like to request a local air study, a one-year air study in this basin, and wind study in this basin.

You have between 5000 and 8000 people. You have children, you have a large population of elders. This is a retired community. You have people whose lungs are already not in the best shape. And if they're to be subjected to more pollutants I think all of us need to know where we stand before this plant comes in. It's a request that I can't impress upon you enough.

Thank you.

PRESIDING MEMBER KEESE: Thank you. Mr. Hathaway.

MR. HATHAWAY: I'm sorry, Jerry

Hathaway, Hathaway Ranch -- Hathaway Burney Ranch FLP.

I forgot one thing that really concerns me, and the reason it does is because I'm aware of the process and we're talking about mitigating offsets, especially for air quality. And the Applicant continues to speak directly to Shasta County.

There are three significant air basins in Shasta County, and hopefully the Commission will get some data from staff or from the Applicant that will show that the Redding air basin is impacted, and there's lots of offsets to offer.

The Burney air basin is impacted seasonally, especially in the winter. And the offsets are going to be difficult to get locally.

And my concern is that the offsets will be granted, and will mitigate a problem that exists in an air basin that's separated from another one. If you do the offsets in Redding it's not going to enhance or maintain the quality of life in the Burney air basin at all because the two never mingle. There's no benefit to improving the Redding air basin to the Burney basin.

The same for the Northeastern Plateau when you get to Fall River. If you improve Fall River, that will not improve Burney, either. Because the air masses do not mix. Especially in the winter when we're impacted the greatest.

So I'd like the staff and the Commission to look -- use the same geographical area that they claim is our groundwater basin as our air basin, and make all the offsets come from the same geographical area.

Thank you.

PRESIDING MEMBER KEESE: Thank you.

MR. WEEKS: William Weeks. I would like to add my comment to that of Mr. Hathaway, and that's why I ask that studies be done within the Burney Basin. We are not directly connected air-wise to the other basins around here, especially in the winter.

Thank you.

PRESIDING MEMBER KEESE: Thank you. It seems as if we've finished our questions.

The next step will be that the Committee will be issuing a scheduling order by the end of this month. You have seen the proposed schedule that staff has given us. We will issue an order

based on that and what we think we can do.

I mentioned earlier that we have one year to accomplish it. The staff schedule has us voting on day 364. They've given us a lot of leeway here, I see, in this activity.

I will just say that I'm pleased at the turnout here, and I'm pleased at the number of people who have indicated that they're going to apply to the Commission to intervene.

I would point out that intervening has significant responsibilities. And intervening requires probably reading that ten pages of documents over there. Intervening is probably, in my mind, beyond the capacity of an individual member of the public to do.

So we have two groups who have indicated they will be intervening. We have heard from others. If people are interesting in intervening they might think of intervening together.

At this time I'll ask for final comments from the Applicant and staff. No final comment?

Thank you all for coming. I believe it's been a very productive meeting.

(Whereupon, at 9:30 p.m., the hearing was adjourned.)

CERTIFICATE OF REPORTER

I, DEBI BAKER, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said Conference, nor in any way interested in the outcome of said Conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of August, 1999.

DEBI BAKER